DIKGATLONG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2006

CONTENTS

		Page
1	GENERAL INFORMATION	1
2	FOREWARD: MAYOR'S REPORT	2
3	DEPARTMENTAL REVIEW	3 - 4
3	CHIEF FINANCIAL OFFICER'S REPORT	5 - 8
4	ACCOUNTING POLICIES	9 - 11
5	BALANCE SHEET	12
6	INCOME STATEMENT	13
7	CASH FLOW STATEMENT	14
8	NOTES TO THE FINANCIAL STATEMENTS	15 - 20
9	APPENDICES	
	A STATUTORY FUNDS, TRUST FUNDS, RESERVES AND PROVISIONS	21
	B EXTERNAL LOANS AND INTERNAL ADVANCES	22
	C ANALYSIS OF FIXED ASSETS	23
	D ANALYSIS OF OPERATING INCOME AND EXPENDITURE	24
	E DETAILED INCOME STATEMENT	25
10	STATISICAL INFORMATION	26 - 28

DIKGATLONG MUNICIPALITY
GENERAL INFORMATION
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2006

MEMBERS OF THE COUNCIL:

Louw M.R.	*Female*	Mayor
Khoboko T.I.	*Male*	
Jammer P.N.	*Male*	
Swarts M.F.	*Male*	
Mweninjawa J.	*Male*	
Mathambo V.B.N.	*Female*	
Gopane D.R.	*Female*	
Bosman S.I.	*Female*	
Olifant V.	*Male*	
Matlhaba K.J.	*Male*	
Jacobs M.N	*Male*	
Madiata Uhumbua L.A.	*Female*	
Papers D.P.	*Female*	

GRADING OF LOCAL AUTHORITY:

Grade ***2*** Category ***B***

AUDITOR:

The Auditor-General: Northern Cape

BANKERS:

First National Bank Ltd - Barkly West Branch

REGISTERED OFFICE:

Dikgatlong Municipality
Campbell Street
Barkly West
8375

MUNICIPAL MANAGER **Date**
Member of IMFO

CHIEF FINANCIAL OFFICER **Date**

MUNICIPAL MANAGER'S REPORT

Vision: The Cradle for the New Generation.

Mission: To be a democratic, accountable and transport local government by providing sustainable, affordable and economic viable services to promote social and economic development and a safe and healthy environment for the community.

Dikgatlong Municipality is a category B Municipality (Plenary with Wards). The council consists of 13 Councillors (7 Ward and 6 PR) of whom only the Mayor is a full-time Councillor. The Administrative structures of the municipality are:-

- ✓ Corporate Services
- ✓ Technical Services
- ✓ Financial Services

The Council operates with a committee system and the committees are:-

- Transformation Steering Committee
- Administration Committee
- Technical Committee
- Financial Committee

The organizational structure of the municipality consist of 148 post of which 127 are filled (94 male and 33 female) and the division of staff is as follows:-

	Total	**Filled**	**Vacant**
Admin	22	19	3
Finance	20	18	2
Technical	104	90	14
Total	148	127	19

The position of Corporate Services Manager and IDP Manager are still vacant. The contracts of the Municipal Manager and the Technical Manager expired on 30 June 2006 and they are currently working on a month to month contract.

The Accountant also resigned and his position is still vacant.

In general the Administration of the municipality is operating at an acceptable level, but there are factors that are seriously hampering service delivery, such as:-

- Shortage of staff
- Difficulty to attract and retained skilled and experienced staff
- Lack of funds for proper operation and maintenance
- Aged Infrastructure, Fleet Management and other equipment
- High unemployment rate in the area

- Financial constrains that make the upgrading of the existing services and infrastructure as well as extension of service difficult.

The municipality is currently in process with the implementation of an organizational and individual PMS, which should be ready and fully functional in the 2006/07 financial year.

Although the municipality has performed well and has achieved a lot, everything possible must be done to ensure that the municipality will become more economical viable and that service delivery improve to the benefit of the community.

J. EILERD
MUNICIPAL MANAGER

Date

DIKGATLONG MUNICIPALITY

FOREWARD FROM THE MAYOR TO ANNUAL FINANCIAL STATEMENTS 30 JUNE 2005

EPANG K. MATOLWENI
MAYOR DIKGATLONG MUNICIPALITY

DIKGATLONG MUNICIPALITY
CHIEF FINANCIAL OFFICER'S REPORT
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2006

1. OPERATING RESULTS

Details of the operating result per department, classification and object of expenditure are included in appendices D and E. The applicable statistics are shown in appendix F. The overall operating results for the year ended 30 June 2006 are as follows:

	Actual 2006 R	Actual 2005 R	Variance %	Budget 2006 R	Variance Actual/ budget %
Income					
Acc. surplus/(deficit) beginning of year	(7,730,778)	(8,834,855)			
Operating income for the year	31,881,355	28,537,126	11.72%	28,055,591	13.64%
	24,150,577	19,702,271			
Expenditure					
Operating Expenditure	44,048,976	28,627,428	53.87%	28,051,956	57.03%
Appropriations	624,746	(1,194,379)			
Acc. surplus/(deficit) end of year	(20,523,145)	(7,730,777)			
	24,150,577	19,702,272			

1.1 Rate and General Services

	Actual 2006 R	Actual 2005 R	Variance %	Budget 2006 R	Variance Actual/ budget %
Income	21,150,764	19,232,676	9.97%	17,965,357	17.73%
Expenditure*	33,247,719	18,705,235	-77.75%	16,441,629	-102.22%
Surplus/(deficit)	(12,096,956)	527,441	2393.52%	1,523,728	
Surplus/(deficit) as % of total income	-57.19%	2.74%		8.48%	

*An additional Provision for Bad Debt to the amount of R 16,109,790.19 are included for the 2006 year.

DIKGATLONG MUNICIPALITY
CHIEF FINANCIAL OFFICER'S REPORT (Continue)
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2006

1.2 Housing Services

	Actual 2006	Actual 2005 R	Variance %	Budget 2006 R	Variance Actual/ budget %
Income	480,464	93,828	412	153,000	214.03
Expenditure	230,121	4,987	(4,514.42)	224,639	(2.44)
Surplus/(deficit)	250,343	88,841	181.79	(71,639)	
Surplus/(deficit) as % of total income	52.10%	94.68%		-46.82%	

1.3 Trading Services

The following is a summary of the operating results of the Municipality's Trading Services.

Electricity Services

	Actual 2006 R	Actual 2005 R	Variance %	Budget 2006 R	Variance Actual/ budget %
Income	5,453,721	4,564,761	19.47%	5,154,311	5.81%
Expenditure	5,425,631	5,332,830	1.74%	6,027,830	9.99%
Surplus/(deficit)	28,090	(768,069)	-103.66%	(873,519)	
Surplus/(deficit) as % of total income	0.52%	-16.83%		-16.95%	

Water Services

	Actual 2006 R	Actual 2005 R	Variance 0 %	Budget 2006 R	Variance Actual/ budget %
Income	4,796,407	4,533,346	5.80%	4,782,923	0.28%
Expenditure	5,145,505	4,397,120	-17.02%	5,357,858	
Surplus/(deficit)	(349,098)	136,226	-356.26%	(574,935)	-39.28%
Surplus/(deficit) as % of total income	-7.28%	3.00%		-12.02%	

DIKGATLONG MUNICIPALITY
CHIEF FINANCIAL OFFICER'S REPORT (Continue)
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2006

2. CAPITAL EXPENDITURE AND FINANCING

The expenditure consists of the following:

	2005/06 ACTUAL	2005/06 BUDGET	2004/05 ACTUAL
	R	R	R
Land and Buildings	-	-	-
Public Works	4,840,378	-	-
Health services	-	-	-
Graveyards and Cemeteries	-	-	2,201
Library services	-	-	-
Sports & recreation	-	-	19,355
Other Fixed Assets	-	-	3,428,674
Sanitation and Sewerage	6,412,540	-	8,415,157
Housing Service	-	-	2,076,064
Electricity Service	339,840	-	3,520,977
Water Service	97,000	-	1,545,410
Administration & IT	589,666	248,000	-
	12,279,424	248,000	19,007,838

3. Resources used to finance the fixed assets were as follows:

	2005/06 ACTUAL	2005/06 BUDGET	2004/05 ACTUAL
	R	R	R
Contribution from operating income	345,829	-	550,223
Loans	267,436	-	-
Grants and subsidies	11,666,159	-	18,457,615
	12,279,424	-	19,007,838

4. EXTERNAL LOANS, INVESTMENT AND CASH

Investments and cash on 30 June 2006 amounted to:	3,772,952
(Previous year R 559,381)	

More information regarding investments are disclosed in note 6 to the financial statements.

DIKGATLONG MUNICIPALITY
CHIEF FINANCIAL OFFICER'S REPORT (Continue)
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2006

5. FUNDS, RESERVES AND PROVISIONS

The movement regarding statutory funds, reserves and trust funds are given in appendix A. No contributions was made to any fund, reserve or provision during this financial year.

During the year under review reserves not cash funded and other unknown and not reconcilable amounts were written-off and disclosed as appropriations for the year in the income statement.

Provision for bad debt was made as follows:

Old capalized debt written of:	15,574,798
Rent not recoverable	26,699
Municipal Use - (Previous Years)	924,468
Sundry Debtors not Identifiable (from years back)	1,143,187
Debtors for Services	1,806,212
	19,475,363

4. APPRECIATION

I would like to thank the Mayor, Councillors, the Municipal Manager and Departmental Heads for the support they have given me and my personnel during the year.

A special word of thanks to the personnel of the Treasury Department for their support in preparing the financial accounts of our municipality.

J.J. MAREE **DATE**
CHIEF FINANCIAL OFFICER
(B Compt Hons)
(Member of IMFO)
(Member of SAIPA)

DIKGATLONG MUNICIPALITY
ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2006

1. Basis of presentation

1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Finance Officers in its Code of Practice for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (2nd edition 1996, as amended).

1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets are more fully detailed in Accounting Policy, note 3.

1.3 The financial statements are prepared on the accrual basis:
- Income is accrued when collectable and measurable. Certain direct income is accrued when received, such as traffic fines and certain licenses.
- Expenditure is accrued in the year it is incurred.

2. Consolidation

The balance sheet includes Rate and General Services, Housing Service, Trading Services and the different funds, reserves and provisions. All inter-departmental charges are set-off against each other, with the exception of assessment rates, refuse removal, electricity and water, which are treated as income and expenditure in the respective departments.

3. Fixed assets

3.1 Fixed assets are stated:
- at historical cost; or
- at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life.

3.2 Depreciation:
No provision is made for depriation.
- Appropriations from operating income, where the full cost of the assets forms an immediate and direct charge against operating income, and therefore it is unnecessary to make any further provision for depreciation.
- Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and other Capital Receipts" account.

3.3 Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans and advances.

DIKGATLONG MUNICIPALITY
ACCOUNTING POLICIES - (Continue)
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2006

4. Inventory

Inventory (stores and materials) is valued at the lower of cost, determined on the weighted average basis, and net realisable value. However stock is only kept in exceptional instances.

5. Funds and reserves

5.1 *Revolving Fund*
No provision is made for interest.

7. Retirement benefits

The Municipality and its employees contribute to various funds, which provide retirement benefits to such employees, a choice can be made to contribute towards a provident fund or a Pension Fund.

8. Surpluses and deficits

Any surplus or deficits arising from the electricity and water services are utilized to subsidised Rate and General Services to alleviate the tax burden of rate payers.

9. Investments

Investments are shown at original value and are invested per approved list of financial institutions issued by the Provincial Administration, Community Development Branch.

Investments were made according to the stipulations of the Second Amendment on the Local Government Transition Act, Act 97 of 1996.

10. Income recognition

10.1 *Electricity and water billings*
All meters are read and billed monthly. Where meters cannot be read during a particular month, they are provisionally billed with the necessary adjustments made in the month they are indeed read.

10.2 *Assessment rates*
The Municipality applies a differential rating system. In terms of this system assessment rates are levied on land and building value of property. Certain rebates are granted according to the use to which a particular property is put.

10.3 Traffic Fines and Licenses
Income is accrued as and when received.

DIKGATLONG MUNICIPALITY
ACCOUNTING POLICIES - (Continue)
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2006

12. Provision for Bad Debts

12.1 It is the policy of this Council that as long as a debtor had not absconded, the debt is assumed to be recoverable. The mere fact that a debtor does not pay for municipal services , for what ever reason, does not mean a bad debt exist and all debts are assumed to be recoverable.

12.2 The Chief Financial Officer has formally laid down procedures that are followed in an attempt to recover debts and it is only when a debt is proven to be unrecoverable that it is written off and consequently forms a charge against the operating account.

DIKGATLONG MUNICIPALITY

BALANCE SHEET AT 30 JUNE 2006

	Notes	2006 R	2005 R
CAPITAL EMPLOYED			
		7,632,986	8,867,003
Statutory funds	1	7,632,986	8,215,368
Reserves	2	-	651,635
RETAINED SURPLUS/ (ACCUMULATED DEFICIT)	16	(20,523,145)	(7,730,779)
		(12,890,159)	1,136,224
TRUST FUNDS AND PROVISIONS	3	81,334	4,604,447
LONG-TERM LIABILITIES	4	276,793	-
CONSUMER DEPOSITS: SERVICES	5	217,509	237,152
		(12,314,523)	5,977,823
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	6	559,217	559,277
INVESTMENTS	7	4,183	4,183
		563,400	563,460
NET CURRENT ASSETS / LIABILITIES		(12,877,922)	5,414,363
CURRENT ASSETS		11,739,075	30,272,343
Stock (Inventory)	8	-	-
Debtors	9	7,970,306	29,451,458
Cash in bank and on hand		-	227,882
Short term investment	7	3,768,769	593,003
Short-term portion of long-term debtors		-	-
CURRENT LIABILITIES		(24,616,997)	(24,857,979)
Bank overdraft		1,925,814	1,742,563
Provisions	10	741,227	703,189
Creditors	11	21,949,957	22,412,227
Loans: short-term portion of long-term liabilities			
		(12,314,522)	5,977,823

DIKGALONG MUNICIPALITY

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

2004/05 Actual Income R	2004/05 Actual Expenditure R	2004/05 Surplus/ (deficit) R		2005/06 Actual Income	2005/06 Actual Expenditure	2005/06 Surplus/ (deficit)	2005/06 Budget Surplus (deficit)
19 232 676	18 705 235	527 441	**RATE AND GENERAL SERVICES**	21 150 764	33 247 719	(12 096 956)	1 523 728
15 542 510	15 173 831	368 679	Community services	17 464 263	29 149 749	(11 685 486)	1 904 331
11 542	276 425	(264 883)	Subsidised services	11 467	510 694	(499 226)	(328 006)
3 678 624	3 254 979	423 645	Economic services	3 675 033	3 587 277	87 756	(52 597)
206 344	192 243	14 101	**HOUSING SERVICES**	480 464	230 121	250 343	(71 639)
9 098 106	9 729 950	(631 843)	**TRADING SERVICES**	10 250 128	10 571 136	(321 008)	(1 448 454)
28 537 126	28 627 428	(90 301)	**TOTAL**	31 881 355	44 048 976	(12 167 621)	3 635
		1 194 379	Appropriations for the year (Refer to note 15)			(624,746.0)	
		1 104 078	**Net surplus / (deficit) for the year**			**(12 792 367)**	
		(8 834 855)	Accumulated surplus / (Accumulated deficit) beginning of the year			(7 730 778)	
		(7 730 777)	**ACCUMULATED SURPLUS (ACCUMULATED DEFICIT) AT END OF THE YEAR**			(20 523 145)	

(Refer to appendix D and E for more detail)

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 R	2005 R
CASH RETAINED FROM OPERATING ACTIVITIES		20,160,110	19,345,546
Cash generated by operations	18	(765,412)	20,229,302
Investment income	15	79,396	38,704
(Increase) / decrease in working capital	19	21,018,882	(922,460)
		20,332,866	19,345,546
Less: External interest paid	15	(172,756)	-
Cash available from operations		20,160,110	19,345,546
Cash contributions from the public and State		-	-
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in fixed Assets		(12,279,424)	(19,007,839)
Increase / (decrease) in Consumer deposits		(19,641)	1,990
(Increase) / decrease in LT Debtors		-	-
NET CASH FLOW		7,861,045	339,697
CASH EFFECTS OF FINANCIAL ACTIVITIES			
Increase / (decrease) in long-term loans	20	276,793	-
(Increase) / decrease in cash investments	21	(3,213,571)	(37,805)
Other			
(Increase)/decrease in Cash	22	183,251	1,294,191
NET CASH (GENERATED) / UTILISED		(3,030,320)	1,256,386

DIKGATLONG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006

		2006 R	2005 R
1	**STATUTORY FUNDS**		
	Revolving Fund	7,632,986	7,632,986
	Dog Tax Fund	-	72,783
	Community Development Fund	-	509,599
		7,632,986	8,215,368
	(Refer to appendix A for more detail)		
2	**RESERVES**		
	Civil Defence Fund	-	7,177
	Reserve Fund Vehicle	-	8,378
	Maintenance Community Centre	-	4,168
	Maintenance Fund	-	186,389
	Community Facilities	-	4,908
	Loss of Rental	-	291,035
	Renewal Fund: Tractor	-	37,307
	Renewal Fund Water Works	-	37,307
	Stabilization Fund	-	6,987
	Building Maintenance Fund	-	6,476
	Town Development	-	34,651
	Housing Development	-	26,852
		-	651,635
	(Refer to appendix A for more detail)		
3	**TRUST FUNDS**		
	Dorpontwikeling	-	3,201,531
	Stransfomasie skenking	-	175,000
	Social Plan Fund Grant	-	50,000
	Work Creation Dev	-	7,686
	Grant - High Mass Lighting	-	2,422
	Grant - Water Provision	-	1,177
	Grant - Transfer Leasehold	-	28,814
	Grant - Squatters	-	18,998
	Grant - Planning	-	34,120
	Grant - Resettlement	-	44,936
	Grant - Rooikoppis	-	7,414
	Town Establishment - 100 Sites	-	110,972
	Community Profile	-	10,265
	Grant - Transfer Leasehold	-	4,626
	Informal Town Establishment	-	7,845
	Provincial Funds	-	46,889
	Toilets RCC	-	5,776
	Todlers	-	29,207
	Caravan Park	-	680,220
	Grant Main Waterline	-	8,715
	Grant Main Stormwater	-	6,512
	Grant Main Enviro	-	25,004
	Water & Sanitation	-	93
	Library	81,334	136,724
	Grant - storm water drainage	-	5,000
	EPWP - Frances Baards	-	(35,500)
	Eradication of Buckets	-	(10,000)
		81,334	4,604,446

DIKGATLONG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006 - Continued

	2006 R	2005 R
4. Long Term Loan		
DBSA	276,793	-
(Previous year R153,275)	**276,793**	**-**

An amount of R 1,032,377 is approved by DBSA to upgrade the electricity network in Barkly West. Disbursement was made as expenses occur.

For the year under review disbursement to the amount of 114,161 was made.
(disbursement of R153,275 was not shown previous year)

The loan period is 5 years at a fixed interest rate of 5% payable six monthly. Capital repayment will be 9 equal instalment commencing on the last day of the 2nd half year after the half-year during which the first disbursement was advance.

5. CONSUMERS DEPOSITS - SERVICES		
Electricity	137,684	223,833
Community Halls	-	12,844
Water	79,825	474
	217,509	**237,151**

6. FIXED ASSETS		
Fixed assets at the beginning of the year	91,981,143	72,973,305
Capital expenditure during the year	12,279,424	19,007,838
Account adjustments due to computer error	(60)	-
Less: Assets written off, transferred or disposed during the year	-	-
	-	-
Total fixed assets	104,260,507	91,981,143
Less: Loans redeemed and other capital receipts	(103,701,289)	(91,421,865)
Net fixed assets	**559,218**	**559,278**

(Refer to appendix C and section 2 of the Treasurer's report for more detail on the fixed assets)

7. INVESTMENTS		
Shares	2,158	2,158
Long Term deposits	2,025	2,025
Long Term Investments	4,183	4,183
Short term deposits	3,768,769	555,198
	3,772,952	**559,381**

Management's valuation of unlisted investment

Circular no. 26 of 1991 issued by the Provincial Legislature requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against investment at a plenary rate to meet commitments.

No investments have been written off during the year

An amount, included under Short Term Deposit's, deem as security for the bank Overdraft to the amount of R 1,440,181.

DIKGATLONG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006 - Continued

		2006 R	2005 R
8	**8. INVENTORY**		
	Stock	-	-
		-	**-**
	Stores represent consumable stores, raw material, uncompleted work and finished products. Where necessary provision was made for redundant stores.		
	No stock is kept as items is purchased as and when needed.		
9	**DEBTORS**		
	Current debtors (consumers & others)	26,457,641	32,575,032
	Other Debtors (VAT)	510,195	241,998
	National Treasury	477,834	-
		27,445,669	32,817,030
	Less: Provision for bad debts	19,475,363	3,365,573
		7,970,306	**29,451,458**
	No amount were written off as bad debt during this year.		
10	**PROVISIONS**		
	Leave Provision	741,227	703,189
		741,227	**703,189**
11	**CREDITORS**		
	Trade Creditors	16,270,242	20,810,805
	Unknown Deposits	841,064	841,064
	Deposits	-	11,688
	SARS - PAYE	1,836,322	748,670
	Grants Carried Over	2,008,037	-
	Other	994,292	-
		21,949,957	**22,412,227**
12	**ASSESSMENT RATES**	-	
	Valuations: Land	14,436,000	14,436,000
	Valuations: Improvements	127,194,155	127,194,155
	Total valuations	**141,630,155**	**141,630,155**
	Tariffs: Land		
	Tariffs: Improvements	2,371,026	2,048,770
	Total income	**2,371,026**	**2,048,770**
	Less: Discount on state properties	-	-
	Value: Land	-	-
	Value: Improvement	-	-
	Net Income	**2,371,026**	**2,048,770**
13	**COUNCILORS REMUNERATION**		
	Mayor	122,755	118,771
	Councilors	332,564	321,912
	Travelling Alowances	69,944	-
	Contributions (Pension & Medical)	96,541	-
		621,804	440,683
	(Refer to appendix A for more detail)		

DIKGATLONG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006 - Continued

		2006 R	2005 R
14.	**AUDITORS REMUNERATION**		
	Yearly Audit	613,963	184,280
		613,963	**184,280**
15.	**FINANCIAL TRANSACTIONS**		
	Total external interest earned or paid		
	Interest earned	79,396	38,704
	Interest paid	(172,756)	(196,148)
		(93,360)	**(157,444)**
	Capital charges debited to operating account		
	Interest Paid :External	172,756	196,148
	:Internal	-	-
	Redemption :External	-	-
	:Internal	-	-
	Deferred cost written off	-	-
		172,756	**196,148**
16.	**APPROPRIATIONS**		
	Appropriation account		
	Accumulated surplus / deficit at the beginning of the year	(7,730,778)	(8,834,855)
	Balance Adjustment	99,289	-
		(7,631,489)	(8,834,855)
	Accumulated surplus / (deficit) for the year	(12,167,621)	(90,302)
	Appropriations for the year	(724,035)	1,194,379
	Prior year adjustments	(724,035)	1,194,379
	Accumulated surplus / (deficit) at the end of the year	(20,523,145)	(7,730,778)

17. Bank Overdraft

The approved bank overdraft is R 1,920,000.
The following security is held:

17.1 Sessions on the following Investment accounts to the amount of R 1,440,181.
17.2 Bond for the amount of R 1,000,000 over sections erven 5 & erven 187 of the Farm Delportshoop (Title deed T3/1949).

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006 - Continued

		2006 R	2005 R
18.	**CASH GENERATED BY OPERATIONS**		
	Surplus / (deficit) for the year	(12 167 621)	(90 301)
	Adjustments in respect of the previous year's operating transactions		
	Adjustments made to fixed assets(see annex C)		
	Prior year adjustments *(See note 15 for more detail)*	(624 746)	1 194 379
	Appropriations debited to income	267 436	550 223
	-Contribution to funds		
	-Contribution to Fixed Assets	267 436	550 223
	Capital charges	172 756	
	Interest paid :		
	- to internal funds		-
	- to external loans	172 756	-
	Redemption :		
	- From internal funds		
	- From external loans		
	Fixed assets written off		
	Grants and subsidies received from State	11 666 159	18 457 615
	Non-operating income	-	282 759
	Non-operating expenditure		
	Investment income	(79 396)	(38 704)
	Charged against provisions and reserve	-	(126 669)
	Other non operating income	-	-
		(765 412)	20 229 302
19.	**(INCREASE) / DECREASE IN WORKING CAPITAL**		
	(Increase) / decrease in stock		
	(Increase) / decrease in debtors	21 481 152	(5 076 795)
	Increase / (decrease) in creditors	(462 270)	4 154 335
		21 018 882	(922 460)
20.	**INCREASE / (DECREASE) IN LONG-TERM LOANS (EXTERNAL)**		
	Loans raised	276,793	-
	Arrear interest capitalised & other debits & credits	-	-
	Loans repaid	-	-
		276 793	

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2006 - Continued

		2006 R	2005 R
21.	**(INCREASE) / DECREASE IN EXTERNAL CASH INVESTMENT**		
	Investments realised		
	Investments made	(3,213,571)	(37,805)
		(3,213,571)	(37,805)
22.	**(INCREASE) / DECREASE IN CASH**		
	Cash balance at the beginning of the year	(1,742,563)	1,853,572
	Cash balance at the end of the year	(1,925,814)	559,381
		183,251	**1,294,191**

DIKGATLONG MUNICIPALITY
APPENDIX A

ACCUMULATED FUNDS, TRUST FUNDS, RESERVES AND PROVISIONS
FOR THE YEAR ENDED 30 JUNE 2006

	Balance at 2005/06/30 R	Contributions during the year R	Interest on Investments R	Other income R	Write-off/Expenditure during the year R	Balance at 2006/06/30 R
ACCUMULATED FUNDS						
Revolving Fund	7,632,986	-				7,632,986
Dog Tax Fund	72,783				(72,783)	-
Leave Fund	-					-
Community Development Fund	509,599				(509,599)	-
	8,215,368	-	-	-	-	7,632,986
RESERVES						-
Civil Defence Fund	7,177				(7,177)	-
Reserve Fund Vehicle	8,378				(8,378)	-
Maintenance Comm Centre	4,168				(4,168)	-
Maintenance Fund	186,389				(186,389)	-
Community Facilities	4,908				(4,908)	-
Loss of Rental	291,035				(291,035)	-
Renewal Fund: Tractor	37,307				(37,307)	-
Renewal Fund Water Works	37,307				(37,307)	-
Stabilization Fund	6,987				(6,987)	-
Building Maintenance Fund	6,476				(6,476)	-
Town Development	34,651				(34,651)	-
Housing Development	26,852				(26,852)	-
	651,635	-	-	-	(651,635)	-
TRUST FUNDS						
Dorpontwikeling	3,201,531				(3,201,531)	-
Stransfomasie skenking	175,000				(175,000)	-
Social Plan Fund Grant	50,000				(50,000)	-
Work Creation Dev	7,686				(7,686)	-
Grant - High Mass Lighting	2,422				(2,422)	-
Grant - Water Provision	1,177				(1,177)	-
Grant - Transfer Leasehold	28,814				(28,814)	-
Grant - Squatters	18,998				(18,998)	-
Grant - Planning	34,120				(34,120)	-
Grant - Resettlement	44,936				(44,936)	-
Grant - Rooikoppis	7,414				(7,414)	-
Town Establishment - 100 Sites	110,972				(110,972)	-
Community Profile	10,265				(10,265)	-
Grant - Transfer Leasehold	4,626				(4,626)	-
Informal Town Establishment	7,845				(7,845)	-
Provincial Funds	46,889				(46,889)	-
Toilets RCC	5,776				(5,776)	-
Todlers	29,207				(29,207)	-
Caravan Park	680,220				(680,220)	-
Grant Main Waterline	8,715				(8,715)	-
Grant Main Stormwater	6,512		-		(6,512)	-
Grant Main Enviro	25,004		.		(25,004)	-
Water & Sanitation	93	-			(93)	-
Library	136,724	-	-		(55,390)	81,334
Grant - storm water drainage	5,000				(5,000)	-
EPWP - Frances Baards	(35,500)				35,500	-
Eradication of Buckets	(10,000)				10,000	-
	-					-
	4,604,446 #	- #	- #	- #	(4,523,112)	81,334

DIKGATLONG MUNICIPALITY
APPENDIX B
EXTERNAL LOANS AND INTERNAL ADVANCES
FOR THE YEAR ENDED 30 JUNE 2006

EXTERNAL LOANS

Loan no. Detail/Aim	Approved	Redeemable	Balance at 30/06/05 R	Received during the year R	Redeemed or written off during the year R	Interest charged during the year R	Balance at 30/06/06 R
Upgrading of Electricity Network	YES	5 YEARS	153 275	114 161	(1 932)	11 289	276 793
			153 275	114 161	(1 932)	11 289	276 793

INTERNAL ADVANCES
TO BORROWING SERVICE

	Balance at 30/06/05 R	Received during the year R	Redeemed or Written of during the year R	Interest charged during the year	Balance at 30/06/06 R
Internal Advances	559 278		(59)		559 219
	559 278		(59)		559 219

DIKGATLONG MUNICIPALITY
APPENDIX C
ANALYSIS OF FIXED ASSETS
FOR THE YEAR ENDED 30 JUNE 2006

Expenditure 2005 R		Budget 2005 R	Balance at 30/06/05 R	Expenditure during year R	Account Adjustments R	Written off transferred Redeemed or disposed of during the year R	Balance at 30/06/06 R
	RATES AND GENERAL						
11,865,387	**SERVICE**	**-**	**48,183,080**	**11,842,584**	**(60)**	**-**	**60,025,604**
3,448,029	**Community service**	**-**	**24,100,874**	**5,430,044**	**(60)**	**-**	**29,530,858**
	Abbatoir		-	-		-	-
-	Municipal Buildings		13,085,053	-			13,085,053
-	Administration & IT		339,419	589,666			929,085
-	Licenses/Traffic		-	-			-
-	Town Development		-	230,461			230,461
	Public Works		4,692,687	-			4,692,687
-	Cemetary		50,000	-	-		50,000
-	Swimming pool & Community Hall		362,466	-	-		362,466
528,669	Council General expenses		749,486	-			749,486
-	Health		77,875	-			77,875
	Grounds & Buildings		328,002	-			328,002
2,900,005	Strate		3,328,966	4,609,917	(60)		7,938,823
19,355	Sport & Recreation		1,086,920	-	-	-	1,086,920
2,201	**Subsidised service**	**-**	**7,496,966**	**-**	**-**	**-**	**7,496,966**
	Parks & Recreation		2,809,101				2,809,101
	Fire protection		-				-
-	Library		86,825				86,825
	Municipal Buildings		529,901				529,901
	Other		-				-
2,201	Cemetary		271,139	-			271,139
	Health		3,800,000				3,800,000
8,415,157	**Economic service**		**16,585,240**	**6,412,540**	**-**	**-**	**22,997,780**
8,415,157	Sanitation and Sewerage		13,294,203	6,412,540		-	19,706,743
-	Refuse		3,291,037	-		-	3,291,037
2,076,064	**HOUSING SERVICE**	**-**	**10,260,749**	**-**	**-**	**-**	**10,260,749**
-	Welfare		-	-	-	-	-
2,076,064	Individual Housing		10,260,749	-			10,260,749
5,066,387	**TRADING SERVICE**	**-**	**33,537,314**	**436,840**	**-**	**-**	**33,974,154**
3,520,977	Electricity		9,561,288	339,840			9,901,128
1,545,410	Water		23,976,026	97,000			24,073,026
	Caravan Parks		-	-			-
19,007,838	**TOTAL FIXED ASSETS**	**-**	**91,981,143**	**12,279,424**	**(60)**	**-**	**104,260,507**
	LESS : CAPITAL REDEEMED AND						
19,007,838	**OTHER CAPITAL RECEIPTS**		**91,421,865**	**12,279,424**	**-**	**-**	**103,701,289**
-	Loans redeemed and advances repaid		3,677,312	267,436			3,944,748
550,223	Contributions from operating income		9,791,822	345,829			10,137,651
18,457,615	Grants and subsidies		76,307,923	11,666,159			87,974,082
-	Other		1,644,808	-			1,644,808
-	**NET FIXED ASSETS**		**559,278**	**(0)**	**(60)**	**-**	**559,218**

DIKGATLONG MUNICIPALITY
APPENDIX D
ANALYSIS OF OPERATING INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2006

Actual 2005 R		Actual 2006 R	Budget 2006 R
	INCOME		
11,197,860	GRANTS AND SUBSIDIES	**12,353,767**	**12,114,000**
11,197,860	- Central Government	12,114,000	12,114,000
-	- Provincial	-	-
-	- Other grants	239,767	-
17,339,265	OPERATING INCOME	**19,483,720**	**17,325,805**
4,533,345	- Sale of water	4,796,406	4,782,923
4,564,761	- Sale of electricity	5,453,721	5,154,311
2,322,908	- Refuse removal	2,476,988	2,457,050
1,355,716	- Sewerage removal	1,198,045	1,292,177
290,457	- Licenses & Traffic	222,803	247,015
2,184,577	- Property Rates	2,371,026	2,394,462
206,344	- Housing income	480,464	153,000
38,704	- Interest earned	35,527	24,000
1,842,453	- Other income	2,448,740	820,867
28,537,125		31,837,487	29,439,805
	EXPENDITURE		
11,038,407	Salaries, wages and allowances	11,988,062	11,900,260
13,685,843	General expense	29,267,052	14,389,272
3,965,586	- Purchase of electricity	4,159,834	4,691,209
2,006,556	- Purchase of water	2,765,603	3,641,556
7,713,701	- Other general expenses	22,341,615	6,056,507
3,216,138	Repairs and maintenance	2,275,277	2,662,638
-	Capital charges	172,756	236,000
550,223	Contributions to fixed assets	345,829	248,000
136,817	Contributions to funds	-	-
28,627,428	**Gross expenditure**	44,048,976	29,436,170
-	Less : Amounts charge out	-	-
28,627,428	**Net expenditure**	44,048,976	29,436,170

DIKGATLONG MUNICIPALITY
APPENDIX E
DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

2005 Actual income R	2005 Actual expenditure R	2005 Surplus (deficit) R		2006 Actual income R	2006 Actual expenditure R	2006 Surplus (Deficit) R	2006 Budget Surplus / (Deficit) R
			RATE AND GENERAL				
19,232,676	**18,705,235**	**527,441**	**SERVICES**	**21,150,764**	**33,247,719**	**(12,096,956)**	**1,523,728**
15,542,510	**15,173,831**	**368,679**	**Community services**	**17,464,263**	**29,149,749**	**(11,685,486)**	**1,904,331**
						-	
13,384,687	3,771,996	9,612,691	Administration - Council	14,485,026	19,250,969	(4,765,942)	10,912,825
1,606,340	8,245,577	(6,639,237)	Administration - CEO	2,627,912	7,350,696	(4,722,784)	(6,274,553)
17,955	6,600	11,355	Cemetary	16,496	-	16,496	(12,482)
-	172,500	(172,500)	IDP	-	168,492	(168,492)	(222,964)
290,457	63,984	226,473	Lisences/Traffic	222,803	76,364	146,439	175,770
153,756	52,618	101,138	Municipal Building	47,093	65,939	(18,846)	(49,590)
87,358	620,408	(533,050)	Parks & Resorts	61,239	620,460	(559,220)	(642,326)
1,957	1,164,281	(1,162,323)	Work/Technical Services	3,695	884,000	(880,306)	(1,195,150)
-	1,068,780	(1,068,780)	Computers	-	732,830	(732,830)	(787,199)
-	7,089	(7,089)	Swimming Pool	-	-	-	-
11,542	**276,425**	**(264,883)**	**Subsidized services**	**11,467**	**510,694**	**(499,226)**	**(328,006)**
		-				-	
-	-	-	Environment and health	-	-	-	
-	-	-	Fire brigade	-	-	-	
11,542	276,425	(264,883)	Library	11,467	510,694	(499,226)	(328,006)
		-				-	
3,678,624	**3,254,979**	**423,645**	**Economic service**	**3,675,033**	**3,587,277**	**87,756**	**(52,597)**
1,355,716	2,036,009	(680,293)	Sanitation & Sewerage	1,198,046	2,541,494	(1,343,449)	(1,039,389)
2,322,908	1,218,970	1,103,938	Refuse Removal	2,476,988	1,045,783	1,431,205	986,792
206,344	**192,243**	**14,101**	**HOUSING SERVICE**	**480,464**	**230,121**	**250,343**	**(71,639)**
206,344	192,243	14,101	Housing	480,464	230,121	250,343	(71,639)
9,098,107	**9,729,950**	**(631,843)**	**TRADING SERVICE**	**10,250,128**	**10,571,136**	**(321,008)**	**(1,448,454)**
4,564,761	5,332,830	(768,069)	Electricity	5,453,721	5,425,631	28,090	(873,519)
4,533,346	4,397,120	136,226	Water	4,796,407	5,145,505	(349,098)	(574,935)
28,537,127	**28,627,428**	**(90,301)**	**TOTAL**	**31,881,355**	**44,048,976**	**(12,167,621)**	**3,635**
		1,194,379	Appropriations for this year (Refer to note 17)			(624,746)	
		1,104,078	**Net surplus / (deficit) for the year**			**(12,792,367)**	
		(8,834,856)	Accumulated surplus / (deficit) beginning of the year			(7,730,778)	
		(7,730,778)	**ACCUMULATED SURPLUS / (DEFICIT) END OF THE YEAR**			**(20,523,145)**	

DIKGATLONG MUNICIPALITY
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2006
STATISTICAL INFORMATION

a) General Statistics

i) Population

2006	2005
36,947	36,947

ii) Valuation of property taxable

Date of valuation 01/08/2002

2006	2005
118,562,855	118,562,855

Valuation of property non taxable

Date of valuation 01/08/2002

2006	2005
23,067,300	23,067,300

iii) Valuation of residential property

2006	2005
68,293,494	68,293,494

Valuation of commercial property

2006	2005
50,269,361	50,269,361

iv) Number of residential properties

2006	2005
2,307	2,307

'Number of commercial properties

2006	2005
105	105

v) Assessment rates : Cent in the Rand

2006	2005
0.018500	0.017280

vi) Number of employees

2006	2005
148	135

DIKGATLONG MUNICIPALITY
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2006
b) Electricity Statistics

i) Number of users

2006	2005
8,393	638

ii) Units bought

2006	2005
13,005,175	12,504,976

iii) Units sold

2006		2005	
8,532,098	C	8,125,808	C
2,486,532	Pre	2,489,172	Pre

iv) Units lost in distribution

2006	2005
1,986,545	1,889,996

v) Units lost percentage of (ii)

2006	2005
15.28%	15.11%

vi) Cost per unit bought

2006	2005
0.2301	0.2212

vii) Loss in distribution

2006	2005
457,083	418,142

viii) Cost per unit sold

2006		2005	
0.4600	(R)	0.4300	(R)
0.6500	(B)	0.6000	(B)
0.5800	Pre	0.5400	Pre
0.4300	Bulk	0.4000	Bulk
0.3300	Bulk	0.3000	Bulk

DIKGATLONG MUNICIPALITY
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2006
c) Water Statistics

i) Number of users

2006	2005
7,100	5,899

ii) Units bought

2006	2005
1,276,649	1,251,616

iii) Units sold

2006	2005
1,021,319	1,001,293

iv) Units lost in distribution

2006	2005
255,330	250,323

v) Units lost percentage of (ii)

2006	2005
20%	20%

vi) Cost per unit bought

2006	2005
1.4664	1.4100

vii) Loss in distribution

2006	2005
374,415	352,956

viii) Cost per unit sold

2006		2005	
3.32	(R)	3.10	(R)
3.75	(R)	3.50	(R)
4.40	(R)	4.10	(R)
4.30	(B)	3.50	(B)
4.45	(B)	4.00	(B)
None	Pre	None	Pre
	Pre		Pre
None	Pre	None	Pre